

**STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

**ORDER OF INTEGRATION**

Re: Application of Atlas Energy Indiana, LLC ) Case No.: DOG-5-2010  
For the integration of oil and gas interests owned by Robin and )  
Janice Boberg, in the Southeast Quarter of Section 32, )  
Township 5 North, Range 8 West, and the Northeast Quarter of )  
Section 5, Township 4 North, Range 8 West, Knox County, )  
Indiana

As provided in Indiana Code 14-37-3-16, an informal hearing was held in this matter on 8/17/2010 beginning at 10:00 AM before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Jasonville Office of the Division of Reclamation located at Highway 54 West, in Jasonville, IN 47438. The purpose of the informal hearing was to consider the Petition for Integration of Interests (Application) for the above drilling unit filed by Atlas Energy Indiana, LLC, hereinafter referred to as "Applicant".

Having reviewed the entire record in this matter, and being duly advised, the Director of the Division of Oil and Gas (Director) makes the following Findings of Fact, Conclusions of Law and Order of Integration:

**FINDINGS OF FACT**

1. Applicant is a corporation whose principal place of business is 10691 E. Carter Road, Suite 201, Traverse City, MI 49684. Applicant is authorized to transact business in the State of Indiana and its registered agent is Corporation Service Company, 251 E. Ohio Street, Suite 500, Indianapolis, IN 46204.
2. Applicant intends to seek a permit for a horizontal shale gas well to establish the KIRKWOOD B4-5 POOLED UNIT containing 281.169 acres (more or less) in the Southeast Quarter of Section 32, Township 5 North, Range 8 West, and in the Northeast Quarter of Section 5, Township 4 North, Range 8 West.
3. Robin and Janice Boberg, husband and wife, of 12026 E. Kuhn Rd., Bicknell, IN 47512, own property identified as Parcel 8 in Applicants petition for integration of interests. Said property is located within the proposed KIRKWOOD B4-5 POOLED UNIT and consists of 3.0 acres, more or less.
4. Based upon information provided by the Applicant, oil and gas leases have been executed and acknowledged or ratified on the remaining 278.169 acres within the proposed drilling unit.
5. Despite due diligence and good faith efforts, the Applicant was not able to obtain consent for the proposed lease of oil and gas rights from Robin and Janice Boberg.
6. IC 14-37-9-1(b) requires that, where owners of separate tracts within an established drilling unit do not agree to integrate their interests, the IDNR shall require the owners to integrate their interests in order to prevent waste or the drilling of unnecessary wells.
7. The Petition filed in this matter by the Applicant seeks, pursuant to IC 14-37-9, the issuance of an integration order whereby the interests of all owners of separate tracts within an established drilling unit are integrated and the combined tracts developed as a consolidated production unit.
8. The Applicant attached the following documents to its Petition:

Exhibit A-1	Legal Description of Separately Owned Interest
Exhibit A-2	Legal Description of Leased Parcels
Exhibit B	Map of the Pooled Unit
Exhibit C	Oil and Gas Lease Form Utilized in Project Area
Exhibit D	Division of Gas Ownership Interest Spreadsheet
Exhibit E	Contact Report Summarizing Lease Attempts

9. IC 14-37-9-2 requires an integration order to be based upon reasonable terms that give the owner of each tract an equitable share of the oil and natural gas in the unit.
10. On 7/16/2010, notice of the date, time, and place of the informal hearing to be held in Jasonville, IN on August 17, 2010, was mailed by first class mail to Robin and Janice Boberg inform them of their right to attend the informal hearing, or to submit written comments or objections to the Division by mail, fax, or email.

11. The following persons were present at the informal hearing held in Jasonville on 8/17/2010:


<u>Person</u>	<u>Representing</u>
Robin Boberg	Self
Janice Boberg	Self
Warren Hanks	Atlas Energy
Karen Anspaugh	Atlas Energy

12. The Boberg's expressed a number of concerns such as the influence which the well might have on the value of their property; the potential for the well to contaminate their groundwater well; and alleged incidences of unauthorized access to their property by contractors of Atlas Energy Indiana, LLC.
13. While each of the concerns expressed are important to the Boberg's, the scope of the immediate proceeding is very narrow and confined only to facts relevant to establishing:
  - a. that the parties have been unable to mutually agree on terms for the integration of interests into the KIRKWOOD B4-5 POOLED UNIT; and
  - b. terms for integration which give the Boberg's an equitable share of oil and natural gas in the unit.
14. Based upon a review of all relevant information, it is clear that Robin and Janice Boberg and Atlas Energy Indiana, LLC have been unable to mutually agree on terms for the integration of their interests and therefore the Petition should be granted in order to allow the Applicant to proceed with the development of the aforementioned drilling unit in such a manner that affords the owners of all parcels within the KIRKWOOD B4-5 POOLED UNIT an opportunity to receive a just and equitable share of the production of oil, natural gas, or other hydrocarbons from said unit.

### **CONCLUSIONS OF LAW AND ORDER OF INTEGRATION**

1. IC 14-37-9 and any rules promulgated thereunder apply and are pertinent to the subject matter of the Application filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to order the integration of interests in accordance with IC 14-37-9-1(b)

4. The Petition, herein referenced, contains the elements required by law.
5. All leaseholds and parcels comprising the KIRKWOOD B4-5 POOLED UNIT located in the Southeast Quarter of Section 32, Township 5 North, Range 8 West, and in the Northeast Quarter of Section 5, Township 4 North, Range 8 West in Knox County, Indiana are hereby ordered to be integrated as a single drilling unit. It is reasonable, fair, and equitable, as required by IC 14-37-9-2, that such division of interest be accomplished as depicted in Exhibit "D" of Applicants Petition so that unit operations may be conducted as if the unit area had been included in single leases executed by all owners of oil and gas interests within said unit.
6. Robin and Janice Boberg shall be entitled to receive a 1/8<sup>th</sup> royalty share of all oil, natural gas, and other hydrocarbons produced calculated at the decimal rate of 0.13290 of the total production from the KIRKWOOD B4-5 POOLED UNIT.
7. As provided in IC 14-37-9-2, the portion of the production allocated to the owner of any tract within the KIRKWOOD B4-5 POOLED UNIT shall be considered as if produced from a well drilled on that tract.
8. Notwithstanding any contrary provisions contained in the attachments to the Petition, nothing in this Order of Integration shall be construed as granting the Applicant any legal right of entry onto, over, or across the surface of any portion of the Robin and Janice Boberg property.
9. This order is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7 and may be placed of record by the Applicant in the appropriate public record of Knox County, Indiana.

<u>September 7, 2010</u> Dated	 Herschel L. McDivitt, Director Division of Oil and Gas
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**DIVISION OF OIL AND GAS  
DEPARTMENT OF NATURAL RESOURCES**

**NOTICE OF ORDER OF INTEGRATION  
NOTICE OF RIGHT TO APPEAL  
CERTIFICATE OF MAILING**

You are hereby notified that on the date indicated below, the Indiana Department of Natural Resources, through the Director of the Division of Oil and Gas, issued an Order of Integration with respect to certain oil and gas drilling interests under Cause No. DOG-5-2010. The Order of Integration is based on an Application for Integration Order previously filed by the Applicant, Atlas Energy Indiana LLC, and on an Informal Hearing held in this matter on 8/17/2010, in Jasonville, Indiana to consider the request for integration. A copy of the Order of Integration issued on the date indicated below is enclosed.

The terms of the enclosed Order of Integration are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. In order to qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:


- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, Indianapolis, IN 46204 within eighteen (18) days after the mailing date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the enclosed Order of Integration will become final and binding.

I further certify that a copy of the referenced Order of Integration was mailed on the date indicated below to the Applicant and to the following persons:

- Robin and Janice Boberg, husband and wife, of 12026 E. Kuhn Rd., Bicknell, IN 47512
- Karen Anspaugh, P.O. Box 4212, Traverse City, MI 49685

September 7, 2010  
Dated

  
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Herschel L. McDivitt, Director  
Division of Oil and Gas